

VZCZCXYZ0035
RR RUEHWEB

DE RUEHAM #2047 0801054
ZNR UUUUU ZZH
R 211054Z MAR 06
FM AMEMBASSY AMMAN
TO RUEATRS/DEPT OF TREASURY WASHDC
RUEHC/SECSTATE WASHDC 9036

UNCLAS AMMAN 002047

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [EFIN](#) [EAID](#) [JO](#)
SUBJECT: JORDAN DEPUTY PRIME MINISTER REQUESTS ASSISTANCE
IN FURTHER DEBT SWAPS

1. (SBU) On March 20, Ambassador received a letter dated March 7 from Deputy Prime Minister and Minister of Finance Ziad Fariz requesting USG assistance in concluding new agreements for debt swaps. Minister of Planning Suhair Al-Ali clarified to the Ambassador on March 20 that "this is just a form letter sent to all G-8 ambassadors." She added that the GoJ appreciates everything that the USG has done to assist Jordan regarding its debt burden. COMMENT: Post understands from this exchange that the GoJ does not have serious expectations that the USG will take action on this request. END COMMENT. Text of letter follows.

BEGIN TEXT OF LETTER

Your Excellency,

I refer to the agreement of the Paris Club Creditors which raises the debt swap ceiling set in the Agreed Minutes of July 10, 2002 from 30% - 40% of the amount of outstanding credit as of December 31, 1991. I would like to express our extreme appreciation for your esteemed Government's support in this regards.

As you are well aware, Jordan is at the heart of many of the ongoing crises in the region. Despite the war in Iraq and the severe regional instability, Jordan's economy has managed to survive at minimum cost. However, much work is still required.

One of the main challenges that Jordan continues to face its high debt burden and a high level of debt service ratio, which persists despite the significant progress that has been made during the past decade in reducing the level of public debt.

In addition, Jordan expects further negative effects on its deficits, both fiscal and current account. As oil prices are not expected to recede and grants will continue to fall. Jordan will continue the elimination of its subsidy policy. Thus, inflation associated with oil prices and the reduction in grants will continue to negatively impact the economy.

An important aspect of the continued American cooperation with Jordan is the support to relieve its debt burden through concluding new debt swap agreements. Considering that other countries such as France, Italy, Germany, and the U.K. and Spain have granted Jordan special treatment in the context of debt swap agreements, therefore it will be highly appreciated if the friendly American Government would consider concluding new agreements for debt swap, one for equity swap and the other for development swap.

We look forward for a favorable response to our request at your earliest convenience.

Please accept, Your Excellency, the assurances of my highest consideration.

Sincerely yours,

Dr. Ziad Fariz
Deputy Prime Minister
And Minister of Finance

END TEXT OF LETTER

13. (U) Read all of Amman's Classified cable traffic at
[http://cables.state.sgov.gov/ncddos/cable/
country/JOR/home.html](http://cables.state.sgov.gov/ncddos/cable/country/JOR/home.html).
HALE